Government of Saskatchewan

Annual Report 1990-91

Saskatchewan Legislative Assembly Members Superannuation Fund

Table of Contents

92-01601/

	Page
Letter of Transmittal	2
Background	3
Operation of the Fund	3
Contributions	3
Pensions	3
Investments	3
Administration	3
Financial Statements	
Auditor's Report	6
Statement of Net Assets Available for Benefits	7
Statement of Changes in Net Assets Available for Benefits	8
Notes to Financial Statements	9
Schedule of Investment Transactions (unaudited)	12

Minister of Finance

SASKATCHEWAN

Legislative Building
Regina, Saskatchewan S4S 0B3
(306) 787-6060

Her Honour, Sylvia Fedoruk, OC SOM
Lieutenant Governor of the
Province of Saskatchewan
Government House
4607 Dewdney Avenue
Regina, Saskatchewan
S4P 3V7

Dear Madam:

Letter of Transmittal

I have the honour to transmit herewith the Annual Report of the Members of the Legislative Assembly Superannuation Fund for the year ending March 31, 1991.

I have the honour to be, Madam,
Your obedient servant,

Ed Tchorzewski
Minister in Charge

Recycled Paper

Background

The Members of the Legislative Assembly Superannuation Fund was created to provide a pension to individuals who are elected and provide service to the Province of Saskatchewan as Members of the Legislative Assembly.

The Fund is comprised of two pension plans: a unit benefit (formula) plan for members who were first elected prior to April 1, 1979, and a money purchase plan for those members first elected on or after April 1, 1979.

Members of the unit benefit plan may elect to transfer to the money purchase plan at any time prior to the expiration of the thirtieth day after the last return of the writ of election in the general election following the date on which they ceased to be members.

Operation of the Fund

The Fund is credited with contributions and interest paid by members and former members, interest earned and any other revenue accruing from the investment of monies in the Fund, and such amounts paid by the Minister of Finance as may be required to make it possible at all times to pay the allowances granted pursuant to The Members of the Legislative Assembly Superannuation Act. Payments are made out of the Fund for pensions, annuities, supplementary allowances and refunds of contributions. As a matter of course, the acquisition and disposition of the various assets of the Fund results in the payment of monies out of and receipt of monies into the Fund.

Contributions

Members are required to contribute 9% of their indemnity, sessional and expense allowances to the Fund; as well, members with additional responsibilities contribute 9% of their additional allowance. The Minister of Finance matches the members' contributions and is required by the Act to make certain additional contributions to the Fund.

Contributions by members for the year ended March 31, 1991 totalled $327,589.
In 1990-91, 17 members contributed to the unit benefit plan and 47 members contributed to the money purchase plan.

Pensions

The Fund paid pensions to 117 former members and spouses of former members throughout the year. Pensions under the unit benefit plan were based on a formula which included years of service and an average salary figure for some portion of that service. Pensions under the money purchase plan were provided in the form of a life annuity purchased with the funds standing to a member's credit at retirement. Pensions may also have included a supplementary allowance paid in accordance with the Act. Pensions for the year totalled $1,595,549.

Investments

The Investment Corporation of Saskatchewan is responsible for managing the investments of the Fund. The value of the investments (at market) at March 31, 1991 was $7,021,800.

Administration

Expenses of administering the Saskatchewan Legislative Assembly Members Superannuation Fund are charged to the Fund.

Administration of the plan is presently assigned to the Public Employees Benefits Agency of the Department of Finance.

The Members of the Legislative Assembly Superannuation Fund

Financial Statements

For the Year Ended March 31, 1991

Auditor's Report

To the Members of the Legislative Assembly
of Saskatchewan

I have audited the statement of net assets available for benefits of the Members of the Legislative Assembly Superannuation Fund as at March 31, 1991 and the statements of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

W.K. Strelioff

W. K. Strelioff, C.A.
Provincial Auditor

Regina, Saskatchewan
July 9, 1991

Statement 1

The Members of the Legislative Assembly Superannuation Fund
Statement of Net Assets Available for Benefits

As at March 31

	1991	1990
Assets		
Investments (Note 3)		
Short term	$1,466,510	$1,438,820
Bonds and debentures	3,110,420	2,618,086
Equities	2,444,870	1,785,811
	7,021,800	5,842,717
Receivables		
Members' contribution receivable	26,842	30,047
Minister of Finance contribution receivable	61,800	58,722
Accounts receivable	2,415	50,713
Accrued interest receivable	107,613	86,895
	198,670	226,377
Cash, less outstanding cheques	39,922	20,338
Total assets	7,260,392	6,089,432
Liabilities		
Accounts payable	7,949	260,975
Allowance payable	1,315	658
Total liabilities	9,264	261,633
Net assets available for benefits	$7,251,128	$5,827,799

(See accompanying notes to the financial statements)

Statement 2

The Members of the Legislative Assembly Superannuation Fund
Statement of Changes in Net Assets Available for Benefits

For the Year Ended March 31

	1991			1990
	Unit Benefit Plan	Money Purchase Plan	Total	Total
Increase in assets:				
Investment income				
Interest	$ 8,591	$ 498,495	$ 507,086	$ 462,890
Dividends	---	63,826	63,826	44,977
Other	---	7,461	7,461	6,847
(Loss) Gain on Investment	---	---	---	(10,955)
	8,591	569,782	578,373	503,759
Market value adjustments (Note 3)	---	350,806	350,806	(193,578)
Contributions				
Contributions by members	73,177	254,412	327,589	333,326
Contributions by Minister of Finance	1,514,170	289,722	1,803,892	1,730,859
	1,587,347	544,134	2,131,481	2,064,185
Total increase in assets	1,595,938	1,464,722	3,060,660	2,374,366
Decrease in assets:				
Annual allowance	1,563,969	31,580	1,595,549	1,535,466
Administrative expense	37,977	3,805	41,782	45,882
Total decrease in assets	1,601,946	35,385	1,637,331	1,581,348
Increase (decrease) in net assets	(6,008)	1,429,337	1,423,329	793,018
Net assets available for benefits at beginning of year	79,561	5,748,238	5,827,799	5,034,781
Net assets available for benefits at end of year	$ 73,553	$7,177,575	$7,251,128	$5,827,799

(See accompanying notes to the financial statements)

The Members of the Legislative Assembly Superannuation Fund
Notes to the Financial Statements

March 31, 1991

1. Description of Plan

a) General

The Members of the Legislative Assembly Superannuation Plan provides pensions to individuals who are elected as Members of the Legislative Assembly of the Province of Saskatchewan.

Members who were first elected prior to April 1, 1979, have their superannuation allowance determined by a formula (i.e., a defined benefit). Members first elected on or after April 1, 1979 participate in a defined contribution or money purchase arrangement.

Details of the Plan are contained in The Members of the Legislative Assembly Superannuation Act, 1979.

b) Administration

The Minister of Finance is responsible for The Members of the Legislative Assembly Superannuation Act, 1979. Day-to-day administration is provided by the Public Employees Benefits Agency.

c) Superannuation Fund

The Members of the Legislative Assembly Superannuation Fund was established to accumulate all member contributions and investment earnings. As well, the Minister of Finance remits to the Fund contributions on behalf of the members together with any amount that may be required from time to time to make it possible at all times to pay the allowances granted.

Payments are made out of the Fund for pensions, annuities, supplementary allowances and refunds of contributions.

d) Funding Policy

Members are required to contribute 9% of their indemnity, sessional and expense allowances to the Fund. As well, members with additional responsibilities contribute 9% of their additional allowance. The Minister of Finance matches the members' contributions, and is required to make certain additional contributions to the Fund.

e) Retirement

Members may retire as early as age 50.

The annual allowance payable to members of the defined benefit scheme is one twenty-fifth of the member's average indemnity multiplied by the member's years of pensionable service. Members with additional responsibilities receive an additional allowance of one thirty-fifth of the member's average additional allowance multiplied by the member's years of pensionable service. Both average indemnity and average additional allowance are determined with reference to the highest four consecutive years of indemnity or additional allowance.

Members participating under the defined contribution plan may elect to purchase a life annuity provided by the amount standing to the member's credit in the Fund. The member may elect to purchase an annuity from the Fund or from a private company that sells annuities.

2. Significant Accounting Policies

a) Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

b) **Investments**

Investment in bonds and equities are recorded at market values which are determined by reference to closing year end sale prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year end bid and ask prices.

Short term investments are valued at cost which approximates market value.

3. **Change in Accounting Policy**

The accounting recommendations for pension plans of the Canadian Institute of Chartered Accountants (CICA) have been adopted as described in section 4100 of the CICA Handbook. As a result, the format of the financial statements for the Members of the Legislative Assembly Superannuation Plan has been changed to comply with the CICA recommendations. In addition, the basis of valuation for investments has been changed from cost to market value (see Note 2) in accordance with section 4100. The change in valuation of investments has been applied retroactively and the March 31, 1990 net assets available for benefits has been decreased by $156,051. The net assets available for benefits balance at April 1, 1990 has been increased by $37,527 and the market value adjustments balance for the year ended March 31, 1990 has been decreased by $193,578.

4. **Earnings Allocation to Members**

Effective April 1, 1990, the change in market value of investments is allocated over a four year period on a straight-line basis. Annually this amount, together with investment income, is allocated to members. The unallocated amount, representing 75% of the current period change in market value, is to be recognized equally in each of the following three years.

Prior to April 1, 1990, the income allocated to members' accounts was restricted to investment income and realized capital gains and losses.

The revised income allocation policy is applied on a prospective basis from April 1, 1990.

5. **Members' Accumulated Balances**

	1991	1990
Members' accumulated balances	$7,105,061	$5,983,850
Unallocated change in market value	146,067	(156,051)
Net assets available for benefits	$7,251,128	$5,827,799

6. **Statutory Reporting Requirements**

In accordance with section 42 of The Members of the Legislative Assembly Superannuation Act, 1979 the following information is provided:

	1991	1990
Contributors to the Fund:		
Defined benefit plan	17	17
Defined contribution plan	47	47

During the year 117 superannuates received allowances. (1990 - 116)

7. **Obligations for Pension Benefits Under the Unit Benefit Plan**

An actuarial valuation was prepared as at March 31, 1991, by Eckler Partners Ltd., Actuaries & Consultants.

The present value of accrued pension benefits was determined using the accrued benefit method with salary projection prorated on service and the best estimate assumptions approved by the Public Employees Benefits Agency. Although the valuation was performed as at March 31, 1991, the results of the general election of October 21, 1991, are reflected in the valuation.

The actuarial valuation balance sheet for the unit benefit plan was as follows:

Assets and Unfunded Actuarial Liability

a)	Total assets at market value	$ 73,553
b)	Unfunded actuarial liability	19,657,128
c)	Total assets and unfunded actuarial liability	$19,730,681

Actuarial Liabilities

d)	Actuarial present value of benefits for active members:		
i.	accrued pensions	$ 2,515,140	
ii.	accrued preretirement death benefits	55,151	$ 2,570,291
e)	Actuarial present value of benefits payable to deferred pensioners		2,082,500
f)	Actuarial present value of benefits payable to superannuates and spouses		15,077,890
g)	Total actuarial liabilities		$19,730,681

The last actuarial valuation of the unit benefit plan as at March 31, 1986, determined that, using the accrued benefit method, the present value of accumulated benefits resulting from service provided to the valuation date was $16.3 million. This amount, less the asset valuation of $0.6 million based on book values, resulted in a net unfunded actuarial liability of $15.7 million at March 31, 1986. Due to the length of time between valuations, it was not practicable for the actuary to identify the principal components of the change in total actuarial liabilities.

The significant long-term actuarial assumptions used in the valuations were:

	Valuation as at March 31	
	1991	1986
Asset rate of return	8.0%	8.0%
Salary escalation rate	6.0%	5.5%
Inflation rate	4.5%	4.0%

8. Administration Expenses

a) Administration

Pursuant to The Members of the Legislative Assembly Superannuation Act, the annual operating expenditures associated with the Plan's administration are paid to the Public Employees Benefits Agency Revolving Fund except for custodial fees and investment management fees which are paid directly.

b) Investment Management Services

The Minister of Finance is authorized to invest any part of the monies standing to the credit of the Members of the Legislative Assembly Superannuation Fund in any securities authorized for investment pursuant to The Pension Benefits Act.

The Investment Corporation of Saskatchewan invests the monies of the Fund under a contract to provide services. The Fund pays management fees to the Investment Corporation of Saskatchewan.

The Members of the Legislative Assembly Superannuation Fund holds shares in the Investment Corporation of Saskatchewan: 100 Class A shares and 1243 Class B shares.

9. Related Party Transactions

Included in these financial statements are expenses resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled departments, agencies and corporations with which the Plan is related.

Account balances resulting from these transactions are included in the statement of net assets available for benefits and are settled on normal trade terms. Other amounts due to (from) related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

Included in the totals for bonds and debentures balance are Province of Saskatchewan holdings of $1,005,062 (1990 Market - $831,062).

10. Comparative Figures

Certain comparative figures have been restated to conform with the current year's presentation.

The Members of the Legislative Assembly Superannuation Fund

Schedule 1

Schedule of Investment Transactions (unaudited)
Year ended March 31, 1991

(Provided in accordance with the provision of section 42 of the Members of the Legislative Assembly Superannuation Act, 1979)

Investments at Cost	Balance March 31, 1990	Acquisitions	Dispositions	Market Value Adjustment March 31/91	Balance March 31, 1991
Bonds and Debentures:					
Canada	$	$ 249,488	$	$ 30,512	280,000
Government of Saskatchewan	886,751	85,875	75,000	215,562	1,113,188
Government of Alberta	40,000		32,000	(8,000)	
Ontario Hydro	1,417,275			(13,525)	1,403,750
Saskatchewan Potash	3,400		3,453	53	
Saskatchewan Power	9,435			510	9,945
Corporate Debentures	324,725			(21,188)	303,537
Total	2,681,586	335,363	110,453	203,924	3,110,420
Equities:					
Investment Corporation of Saskatchewan A	100				100
Investment Corporation of Saskatchewan B	1,243				1,243
Canadian Corporate Equities	1,505,917	503,117	57,832	(56,263)	1,894,939
Foreign Corporate Equities	371,102	163,219	32,828	47,095	548,588
Total Long Term Investments	4,559,948	1,001,699	201,113	194,756	5,555,290
Short Term Investments	1,438,820	21,041,114	21,013,424		1,466,510
Total Investments	$ 5,998,768	$ 22,042,813	$ 21,214,537	$ 194,756	$7,021,800